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Attorneys for Claimants/Respondents and
Plaintiffs MATTHEW ISHAM, individually and
as Guardian ad Litem for, HAYDEN ISHAM,
a minor and ROXANNE BEST ISHAM

UNITED STATES DISTRICT COURT

DISTRICT OF HAWAII

MATTHEW ISHAM,) CIVIL NO.: CV 04 00559 HG-BMK
individually and as Guardian Ad)
Litem for HAYDEN ISHAM, a)
minor; ROXANNE BEST)
ISHAM,)
)
Plaintiffs,)
)
vs.)
)
BLUE DOLPHIN CHARTERS,)
LTD. and BLUE DOLPHIN)
DIVING, LTD., CAPTAIN)
ANDY'S SAILING, INC.,)
DOES 1 - 50,)
)
Defendants.)
)

DENNIS CLAYPOOL,) CIVIL NO.: CV 04 00570 HG-BMK
individually and as Guardian ad)
Litem for KRISTEN)
CLAYPOOL, a minor, SHERYL)
CLAYPOOL, SCOTT)
CLAYPOOL, AND KRISTEN)
CLAYPOOL,)
)
Plaintiffs,)
)
vs.)
)
CAPTAIN ANDY'S SAILING,)
INC., BLUE DOLPHIN)
CHARTERS, LTD. And BLUE)
DOLPHIN DIVING, LTD.,)
)
Defendants.)
)

DECLARATION OF RICHARD A. LESSER

RICHARD A. LESSER, hereby declares pursuant to 28 USC sec. 1746 as follows:

1. I am an attorney duly admitted to practice before this Court and am

Counsel of record for Plaintiffs and Limitation Claimants MATTHEW ISHAM, individually and as Guardian Ad Litem for HAYDEN ISHAM, a minor, and ROXANNE BEST ISHAM herein.

2. I make this declaration in support of the NOTICE OF ACCEPTANCE OF

BLUE DOLPHIN CHARTERS LTD, AND TERRY DONNELLYS AMENDED
OFFER TO ALLOW MONEY JUDGEMENT TO BE TAKEN AGAINST
LIMITATION PLAINTIFF /DEFENDANT BLUE DOLPHIN CHARTERS, LTD.

AND LIMITATION PLAINTIFF TERRY DONNELLY IN FAVOR OF
PLAINTIFF/LIMITATION CLAIMANT MATTHEW ISHAM,
INDIVIDUALLY, PURSUANT TO RULE 68 OF THE FEDERAL RULES OF
CIVIL PROCEDURE.

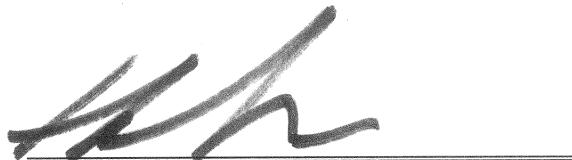
The signed copy of this offer accompanies this Notice and Declaration.

3. Prior to this offer and its acceptance, extended settlement negotiations were conducted between the parties, including an all day mediation on February 6, 2006, involving these parties and ROYAL MARINE INSURANCE GROUP, Cross-Defendant as to BLUE DOLPHIN CHARTERS LTD AND TERRENCE DONNELLY in CIV No. 05-00251 DAE LEK, as to coverage issues and

insurer/broker responsibilities arising from these underlying cases. Also, on February 9, 2006, the parties met in chambers with Magistrate Judge Barry M. Kurren to discuss the specific elements of the underlying case, including special and general damages, the limitation action and it's infirmities, contribution by Plaintiff/Claimant Isham and possible defenses, as well as possible percentages of liability of third parties, and arrived at the settlement amount set forth in the Rule 68 Offer made by Blue Dolphin Charters, Ltd, and Terry Donnelly as a non-collusive and inclusive damage figure that was well within the range of a reasonable settlement pursuant to the guidelines set forth by the Court. The settlement agreement and its terms, including the amount and the reasons therefor, were discussed again last week in open court on February 13, 2006, in the presence of counsel for Royal Marine, as well as insurance appointed counsel for Blue Dolphin Charters, Ltd, Randy Baldomor, who was also present in chambers on February 9. .

4. The subject amended offer and acceptance are incorporated into a complete settlement as between the Isham plaintiffs/Claimants on the one hand, and Blue Dolphin Charters, Ltd and Terry Donnelly on the other.

EXECUTED UNDER PENALTY OF PERJURY THIS 18TH DAY OF
FEBRUARY, 2006 AT REDONDO BEACH, CALIFORNIA.

A handwritten signature in black ink, appearing to read "RA Lesser", is positioned above a solid horizontal line.

Richard A. Lesser